Message Text

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PAGE 01 JAKART 12132 080635Z ACTION EB-08

INFO OCT-01 EA-10 ISO-00 XMB-02 COME-00 TRSE-00 OMB-01 AID-05 FRB-03 SS-15 NSC-05 CIAE-00 DODE-00 INR-10 NSAE-00 PA-01 ICA-11 SP-02 /074 W

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R 080601Z SEP 78 FM AMEMBASSY JAKARTA TO SECSTATE WASHDC 1286

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PLEASE PASS EXIMBANK

E.O. 11652: N/A TAGS: EAIR, EFIN, ID

SUBJECT: LOCKHEED L-100 SALE

REF: JAKARTA 11967

- 1. DURING AMBASSADOR'S LEBARAN CALL ON COMMUNICATIONS MINISTER RUSMIN, LATTER TOLD HIM THAT HE AND HIS STAFF WERE MOST FAVORABLY IMPRESSED BY L-100 DEMONSTRATION FLIGHTS. PARTICULARLY IMPRESSIVE, HE SAID, WAS AIRCRAFT'S ABILITY TO CARRY 18 TONS OF CARGO NON-STOP FROM JAKARTA TO BIAK. THIS PROVED TO SKEPTICS THAT PLANE COULD BE USED EFFECTIVELY FOR PURPOSES OTHER THAN TRANSPORTING TRANSMIGRANTS, INCLUDING CARRYING CARGO ON THE RETURN RUNS.
- 2. MINISTER RUSMIN SAID THAT ON THE BASIS OF TEST FLIGHTS, WHICH HE REAFFIRMED WAS CRUCIAL TO A FAVORABLE GOI DECISION, HE HAS SIGNED A LETTER OF INTENT FOR THE IMMEDIATE PURCHASE OF THREE AIRCRAFT. ADDITIONAL PURCHASES MAY FOLLOW IF THE AIRCRAFT PROVES AS USEFUL AS ANTICIPATED.
- 3. ACCORDING TO RUSMIN, THERE ARE STILL TWO PROBLEMS. LIMITED OFFICIAL USE

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PAGE 02 JAKART 12132 080635Z

FIRST, HE HAS BEEN TOLD THAT ONLY TWO PLANES ARE NOW AVAILABLE RATHER THAN THE THREE NEEDED. HE HOPES TO BE ABLE TO MAKE FIRM AGREEMENTS NOW FOR ALL THREE SINCE HE HAS BEEN TOLD THAT THE PRICE WILL INCREASE BY ONE MILLION DOLLARS PER AIRCRAFT NEXT YEAR. SECONDLY, HIS LETTER OF INTENT IS DEPENDENT ON LOCKHEED PUTTING TOGETHER A SATISFACTORY FINANCIAL PACKAGE. RUSMIN SYAS THAT LOCKHEED

DOES NOT EXPECT THIS TO BE AN INSURMOUNTABLE OBSTACLE.

4. COMMENT. VERY POSITIVE STATEMENTS BY RUSMIN REGARDING GOI INTENTION TO ACQUIRE L-100'S LEADS US TO BELIEVE THAT, NOTWITHSTANDING STATEMENTS TO THE CONTRARY BY LOWER RANKING OFFICIALS IN SEVERAL AGENCIES (REFTEL), A DECISION HAS INDEED BEEN TAKEN AT HIGHEST LEVELS OF GOI TO BUY L-100'S FOR TRANSMIGRATION AND OTHER PURPOSES. KNOWLEDGE OF DECISION EVIDENTLY HAS NOT YET TRICKLED DOWN TO WORKING LEVELS, HOWEVER. ALSO, IT WOULD APPEAR APPROVAL OF THE PROJECT HAS NOT YET BEEN GIVEN BY TRIUMVIRATE OF AGENCIES (MINISTRY OF FINANCE, BANK INDONESIAN AND NATIONAL PLANNING AGENCY) RESONSIBLE FOR MONITORING AND MANAGING INDONESIA'S FOREIGN DEBT POSITION.

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